

Investor's Reader

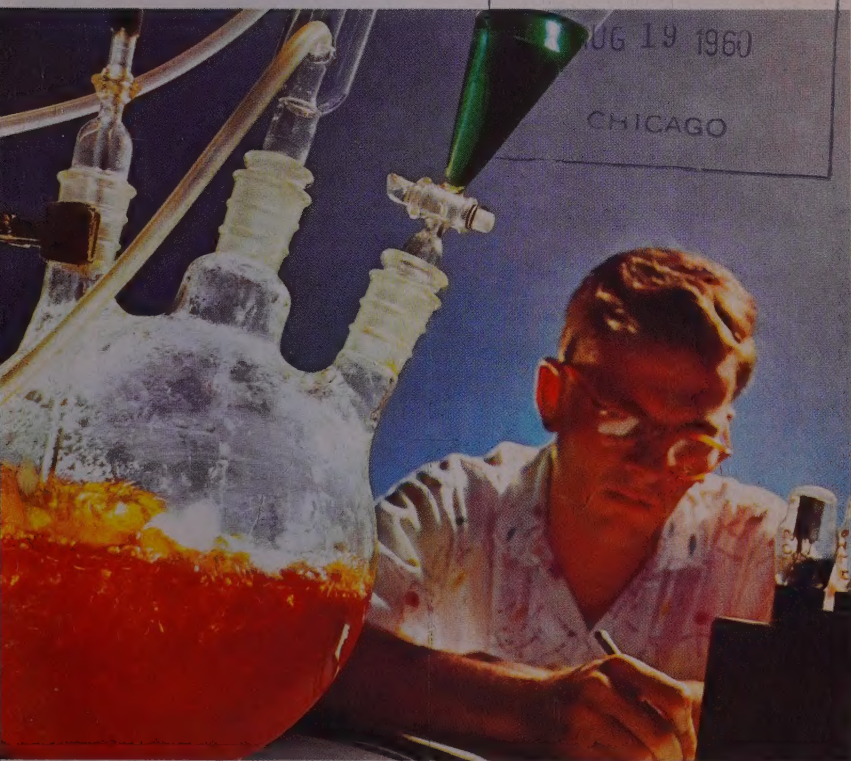
August 17, 1960

For a better understanding of business news

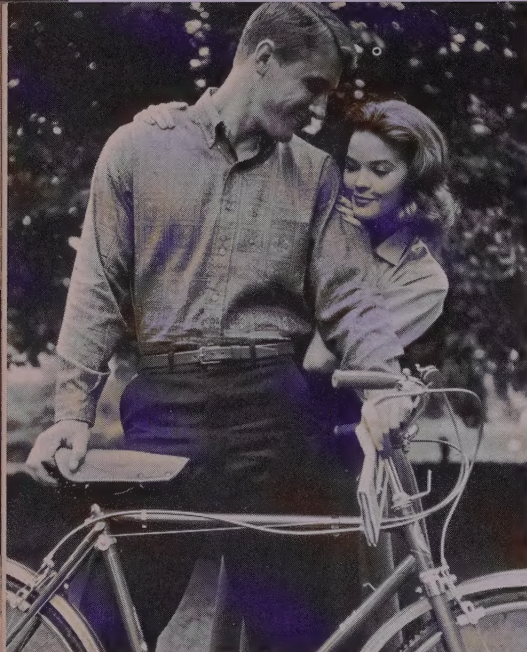
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CHICAGO



RESEARCH FOSTERS GROWTH AT EASTMAN KODAK (see page 18)



MANHATTAN TEAMWORK

This pert gal is agog over the guy in the paisley-patterned Manhattan shirt. And most assuredly he thinks she in her Lady Manhattan is every bit as attractive. Such team tailoring comes from the skillful hands of 103-year-old shirtmaker Manhattan Shirt Company.

The \$21,000,000-assets company does not confine its expert tailoring to shirts. It also stitches an extensive line of men's sportswear, beachwear and pajamas. Many are made from Eastman Kodak's polyester fiber Kodel. For Lady Manhattanites it turns out a complete line of sportswear.

Manhattan now has headquarters as trim as its smartly tailored products. Two weeks ago it moved into new executive and sales offices on the 14th floor of the new Time-Life Building on Manhattan's up & coming Sixth Avenue. President Louis C Stengel Jr notes: "With all departments contained on the one floor we will now be able to serve our customers even more efficiently than before."

Manhattan's trim tailored look is not restricted to headquarters and products alone. The company's financial facts which in past years have been wrapped in trim shirt-shaped annual reports are also smartly tailored. Sales for the year ended June reached an estimated record \$40,000,000, while earnings are expected to be around \$2 a share, a shade below the record earnings of \$2.17 a share of 1956. The company's 416,000 shares of common stock trade on the Big Board at 18, almost five points below the 1959 high. The Leeds family which founded the company back in 1857 together with present management owns about 30% of the company stock. The family is still active. Cousins Larry and Bob Leeds, great grandsons of the original founder, are both vice presidents and directors.

With an eye for further growth Manhattan is expanding international operations. The company has just signed licensee agreements in Brazil, Bolivia, Peru and Uruguay. In the near future additional licensees in Ceylon and Finland will further expand Manhattan's growth conscious cosmopolitan family.

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BUSINESS AT WORK

AUTOS

Compact Covers

FURTHER proof the compacts have made a solid impact as a family car comes from leading seat cover supplier Rayco Manufacturing Company. President Joseph Weiss reports 24% of his 1959-60 seat cover sales to new car owners were for compacts. In previous years there were not only fewer small cars but apparently their sporty owners overwhelmingly disdained taking covers.

MANUFACTURING

Midland-Ross Pleasure

IT WAS INDEED "with pleasure" that Wade N Harris sent his quarterly president's letter to stockholders of Midland-Ross Corp (MLR on the Big Board). With many hard good producers finding the start of the Sixties an unexpected struggle, MLR racked up a banner first half with sales (abetted by the November acquisition of Sur-

face Combustion) at \$62,000,000 v \$45,300,000 and earnings of \$3.12 a share v \$2.84.

The second quarter net of \$1.56 did slip below the \$1.79 reported for the equivalent 1959 period (which was strengthened by some non-recurring factors) but it matched the strong first quarter pace. Better yet the second half outlook "generally speaking continues favorable" and "it's our fond expectation" to meet original full-year projections of \$6 earnings on \$120,000,000 volume.

The good showing reflects brisk activity throughout the MLR domain which thanks to manifold acquisitions has broadened from an automotive frame & brake business to take in a wide range of engineered industrial equipment, heating and air conditioning systems and plane and missile components (IR, March 2).

In MLR's husky capital goods

lines "new business has dropped off some recently." There's more of a wait & see attitude by industry generally but most managements do have the appropriations for their capital projects and are just holding back on placing the actual order." However, "with the lead time involved in this kind of equipment, the volume already on our books will take us into early next year" so there is plenty of time for new orders to pick up again.

The auto frame operation—reduced, revamped and relocated last Summer because of the loss of the Dodge and Plymouth accounts at the end of the '59 runs—has been going "favorably" so far this year. For instance, Buick production is up, truck volume good and some extra models have been added to the MLR order books.

Brake business, a steadily growing part of the auto line, is also up. But brightest brake news deals with the future. During the past quarter MLR landed the power brake account for the '61 Fords, Mercurys and Thunderbirds, ("and of course we hope to retain them for future years"); also it will supply the airbrake system for "one of the world's largest truck makers." MLR anticipates these two new accounts could run to as much as \$7,000,000 a year when full production is reached by the middle or end of 1961.

While MLR operations and earnings have lived up to earlier projections, talk of dividend hikes or stock splits around the end of the year seems to have waned amidst

the general industrial and market hesitancy. With the stock now around 52 (down eight points from its high though 13 above last year's low), the 75¢ quarterly dividend already provides a 5.8% yield.

Company officials stress a desire to use earnings to take advantage of expansion opportunities. And while the 680,000 common shares outstanding these days represent a small capitalization for a major company, MLR would like to expand this base by judicious further acquisitions for stock.

DRUGS

Baxter Benefits From Many Products For Record Half

SMALLISH (\$21,000,000 assets) but potent drug maker Baxter Laboratories deliberately cultivates a pattern of "spread-out products" designed to boost earnings with "the cumulative effect of several products" rather than reliance on any one broad-scope item. It has certainly been successful. The Morton Grove, Ill drug maker smashed through with record-breaking sales and earnings for the first half and for the second straight quarter to boot. Specifically Baxter boosted first half sales an estimated 26% to \$17,500,000, profits 50% to \$1,240,000. This works out to 95¢ a share *v* 66¢ on fewer shares last year.

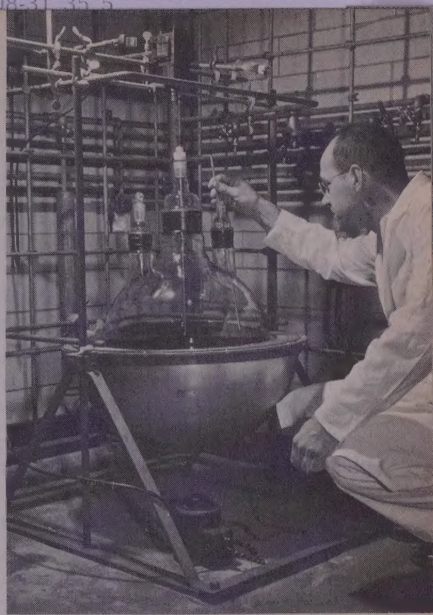
Last week Baxter president William Burden Graham reiterated "no one product had a large impact in itself." Rather the good gains were due to the "favorable performance

of various new products." However he singled out particularly Urevert, Baxter's decompressant for reducing brain pressure which was introduced last year, and "collectively our group of new diagnostic reagents" for latex slide tests put out by the company's Hyland Labs division. Another factor: "Improved effectiveness of our marketing division."

Not only have sales and earnings expanded but Baxter's product line as well. Once almost solely a specialist in parenteral solutions and equipment, Baxter has since the Korean War gone into industrial and digestive enzymes, antibiotics, prescription specialties. Sales which had fallen off from a Korean peak of \$17,050,000 in 1953 to as low as \$12,050,000 two years later have since more than doubled to \$29,150,000 last year. Earnings which hit a postwar low of \$535,000 or 51¢ a share in 1954 also rebounded to \$1,835,000 or \$1.45 a share last year.

Pattern Change. Baxter's product pattern may be in for somewhat of a change with cholesterol fighter d-thyroxine which it hopes to introduce late this year. The company's first really broad-scope drug, d-thyroxine could put Baxter smack in the middle of the highly competitive but potentially very profitable anti-cholesterol race which has drawn such entrants as Vick, Lilly, Smith Kline & French and Warner-Lambert.

An eliminator rather than a precursor, d-thyroxine was actually stumbled on by Baxter researchers.



An experiment in synthesis

Explains Bill Graham: "It was an outgrowth of our research aimed at a thyroid drug which we now market as Synthroid." Then he continues: "But you can't really aim accurately in research in a field such as this. You can only aim in certain directions."

The direction in which the bulk of Baxter research (this year budgeted at \$1,900,000) is aimed is specialized products for limited markets which can be developed in a two-to-three year period. However Bill Graham notes "for the last four years or so we have reserved a certain portion for long-term [five years or more] research in broad-scope products." Baxter likes to average around 20% a year on these long-range items. This year of course with the development expenses on d-thyroxine the broad-

scope percentage runs somewhat higher.

While d-thyroxine is the broadest product to come out of the Baxter labs, there are a number of others equally exciting which have just been or are about to be introduced.

One is the Perfuso-Pac, a blood oxygenator which provides a partial by-pass of the heart and lungs. Just on the market, the new device is "especially valuable" for cancer treatments in extremities with certain drugs which would prove too toxic for the system as a whole.

Still in the labs is an extension of Perfuso-Pac which will allow a total by-pass of the heart and lungs. This started out "as one of our short-range products, is taking longer than we figured to develop." Bill Graham is quick to point out: "While both will be valuable to the medical field, like most of our products there is not a substantial commercial market for them." Baxter is an old hand at artificial organs, was one of the first developers of the artificial kidney which is widely used today in surgery.

Also in the labs but slated for a market debut by the end of the year is a new local anesthetic. And by the beginning of next year Baxter hopes to market a new debridement agent for burns and wounds.

Further Ahead. Somewhere in the future are enzymes for medical therapy. Baxter's Wallerstein division which was acquired in 1958 (IR, March 5, 1958) is an important producer of industrial enzymes for use by food processors, textilers, etc. It also makes high-potency en-

zymes for use as digestive aids and nutritional supplements. As such it has a good head start to develop the virtually untapped field of medical enzymes. Bill Graham reports work in three directions—injectable, topically applied and oral. "We haven't produced much in the way of commercial products yet but we think this field has a good potential."

In the past Baxter has sold mostly in bulk quantities to other pharmaceutical houses or hospitals. But to help market some of its new developments Baxter late last year took a big step toward the buildup of a detail force when it bought Flint, Eaton, a small ethical drug specialist with its own sales staff. Since then Baxter has been busy building up this sales staff—particularly in light of what it will need when it comes time to market a major product such as d-thyroxine. And even then, Bill Graham admits, "we'll have to have some help from our Baxter hospital staff."

Because of the heavy clinical research and development costs on d-thyroxine in the last half of this year president Graham figures Baxter earnings for the rest of 1960 "about the same" as the second half of 1959. Thus he sticks to his original estimate of "\$1.75 a share for the full year," still a nice gain from the \$1.45 earned in 1959.

In the over-the-counter market Baxter stock has been strong. The 1,300,000 common shares which were split 2-for-1 last year are quoted close to their alltime high of 55. Just four years ago they traded as low as 6.

WALL STREET

Caveat Cavity

HOT NEWS can make for hectic price movements even in the stocks of corporate giants with husky capitalizations. Reports that the American Dental Association would for the first time ever lend its endorsement to a specific tooth-paste catapulted the stock of Crest-maker Procter & Gamble from 118 to 136 in a mere six trading hours. Subsequently it slipped again to 124.

Since PG has nearly 20,700,000 shares outstanding, the brief 18-point jump to the high meant a Crest-inspired increase of \$370,000,000 in total market value—or better than \$2 for every American mouth, including the toothless ones.

METALS

Republic Foil Etching

WITH REFRESHING candor president John W Douglas of \$3,500,000-assets aluminum foil processor Republic Foil of Danbury, Conn. describes conditions for his company: "If general business is good for the rest of the year, we'll do reasonably well; if it isn't, we'll do reasonably badly."

Republic Foil is a specialist in rolling aluminum foils, particularly for packaging and decorative uses. It also is the only US manufacturer currently able to etch commercially high-purity aluminum foils; these are finding increasing use in high reliability units required in radio, television and other electric equipment.

Says Jack Douglas: "We're proud of our reputation as the Tiffany

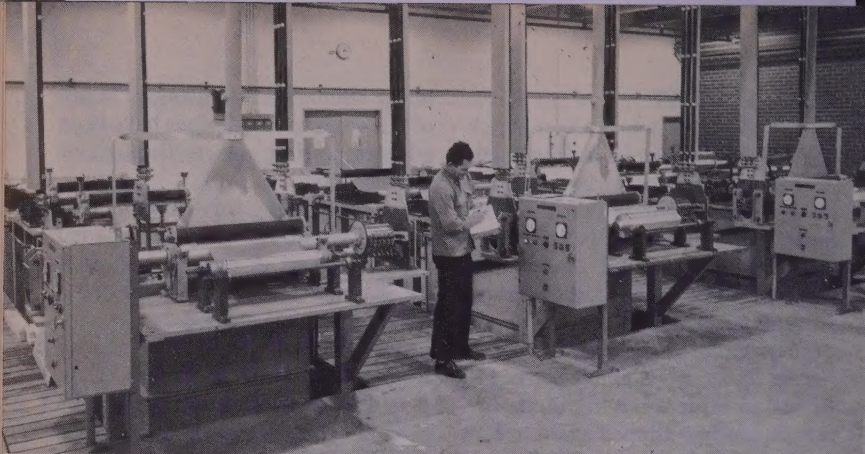
of the aluminum foil business. Many of our engineering designs have been adopted by foil makers throughout the industry."

All processing of aluminum is done at Republic's quiet, tree-shaded Danbury plant. A new electrochemical division plant in Salisbury, NC handles the foil etching.

The company which was founded by Jack Douglas in 1945 and began production two years later ran deficits its first three years (1947-49). Then in 1950 it managed its first profit, somewhat inflated by a tax carry-forward. Since then Republic has edged forward speedily but somewhat unevenly. Sales in 1959 were a peak \$4,877,000 v \$641,000 in 1949 but profits of \$261,000 (91¢ a share) were only third best behind slightly higher 1956 and 1955. This year however business is off with first half sales down to \$2,486,000 v \$2,546,000 in the like 1959 period. Earnings were halved to \$85,000 or 29¢ a share from 57¢.

Some Problems. Currently Republic Foil is harried by slackened demand aggravated by startup problems at the Salisbury plant which began operations early this year. Says Jack Douglas: "We have not yet been able to meet all the varied technical requirements of capacitor manufacturers, in addition to which excessive inventories have limited demand for types we are now producing."

But when general aluminum business picks up, Republic Foil expects to be ready. A new \$750,000 breakdown mill will start up in Danbury next year. Four times as fast as



Etching foil at Salisbury plant

present facilities, it will speed up the first stages of Republic Foil's rolling process to the pace of the fast-stepping latter stages. Jack Douglas avers it will provide added capacity and "substantial" savings. Increased demand should help Republic's "sick baby"—the etching plant at Salisbury—"grow to healthy manhood." He looks for the break-even point by year end.

Traded on the Amex under the symbol RFL Republic stock has reflected slower foil demand. The 289,000 shares (about 30% closely-held) sell in an extremely limited market at 17, off from the year's high of 26 and an alltime high of 36 $\frac{7}{8}$ not long after it was first issued in April, 1959.

Founder Douglas makes no effort to minimize the currently cloudy picture at Republic Foil. With both tax and labor cost advantages foreign competition in the foil milling business is vigorous. And if labor negotiations now underway lead to a strike at some of Republic Foil's biggest customers like GE and West-

inghouse, sales could be affected. On the other hand, says Jack Douglas, if demand picks up this month, "and there is every indication that it will," Republic—which customarily has a strong final quarter—should get through the year in "satisfactory shape."

Giant Competition. Republic Foil has carved itself an important niche in a tough-to-break-into field. It competes among giants Alcoa, Reynolds, Kaiser, Anaconda and Revere. Copper & Brass. John Douglas himself learned his metals business through stints at Beryllium Corp, Phelps Dodge and Revere, and during War II was assistant director of the copper division of the War Production Board. He has served as a member of the Commerce Department's prime aluminum products industry advisory committee since 1951.

In the future for Republic Foil, John Douglas sees expansion and diversification "both forward and backward." But right now he is mum about exact plans.

APPAREL Spartans Stake

IT IS NOT OFTEN Charles C Bassine takes a look into the crystal ball he keeps in his office (along with instructions for use). But he always seems ready to talk about Spartans Industries Inc, which makes a diversified line of popular-priced apparel for the whole family and sells its many togs to leading mail order houses, department stores and local retailers.

Dynamic 51-year-old chairman Bassine directs operations of \$18,000,000-assets Spartans from executive headquarters at 1 West 34th Street, across from the Empire State Building and a few short blocks from the heart of New York's garment district. But unlike many family-owned and directed garment district businesses Charlie Bassine believes "in running the show my own way."

This specifically means "no family." He explains: "I hire a guy, pay him as much as I would a son-in-law

and am guaranteed he'll do the job."

The closest the Bassine clan gets to Spartans is "owning the stock." Together with headman Charlie their holdings are a formidable 44%; other management holdings come to another 28%. Thus 72% of the 1,500,000 total shares outstanding (including all 900,000 Class B shares) are closely held.

The first public sale of Spartans stock was 200,000 common shares at \$16.25 in June 1959 (since split 3-for-2 this April). Another 120,000 shares were sold three months ago. Then two weeks ago Charlie Bassine watched his company's common stock join the Big Board. Trading in SPR opened at 25 $\frac{1}{4}$, has since eased to 24. At the current quarterly dividend rate of 20¢ the yield comes to 3.3%.

The 900,000 Class B shares are identical with the 600,000 listed regular common shares except they are not entitled to any dividends. However, the Class B may be converted into dividend-paying com-

Family clad with Spartans togs



mon in three annual increments starting next January.

Charlie Bassine elaborates: "They should all be converted within three years so when we established our quarterly dividend rate of 20¢ we had in mind all 1,500,000 shares of stock, not just the listed stock. Our policy may be conservative but it is sound in view of the eventual conversion."

As for selling more Spartans stock to the public, Charlie Bassine is just as conservative. "Spartans has no present plans for selling stock. I think our large holdings in the company show our tremendous interest and confidence in Spartans."

The company's sales and earnings record in the last five years justifies this confidence. Sales have doubled from \$19,400,000 in 1955 to \$39,100,000 last year; earnings during the same period have more than tripled from \$637,000 in 1955 to \$2,256,000 or \$1.50 a share. Charlie Bassine estimates first half sales are up 16% to \$21,000,000 and earnings around 90¢ a share *v* 65¢. And a rare, quick look into his crystal ball brings a full-year prediction of \$47,000,000 in sales and earnings of about \$2 a share.

Charlie Bassine fills in the background for his 1960 predictions. He notes some "80% of Spartans volume this year" will be produced in company-owned or leased plants in the US. The remaining 20% (*v* 25% last year) will be made in a company-owned plant in Hong Kong. Chairman Bassine notes: "Our produc-

tion in Hong Kong is about the same as in the past but the rate of growth of domestic operations has been progressing at a faster clip."

One contributing factor to the stepped-up domestic pace has been the knitwear operation added last Fall. As Charlie Bassine notes: "It's hard to be specific as our operations change daily but considering current trends I'd say knitwear will contribute more than 10% of volume in 1960." Other plus factors rounding out chairman Bassine's record sales prediction are increased capacity at the company's Star City, Ark plant and installation of Schiffli embroidery machinery at the company's main Sparta, Tenn plant.

In addition the company plans a new retail operation this Fall. Headman Bassine is very enthusiastic about the retail venture. Present plans call for five 60-to-72,000 square foot discount-type stores in suburban locations in the central US with the first scheduled to open in Oklahoma City in October. Chairman Bassine explains: "We'll sell a significant quantity of Spartans apparel but we'll also carry lines of other manufacturers."

Charlie Bassine further comments: "Yes we're going to carry hard goods but only the small portable variety. We feel if a customer can come in, pay cash and carry the product home—we'll stock it." Of course the new retail venture will not contribute to results this year but "if all five stores are in operation by January they will certainly contribute significantly to 1961."

BANKING

Newark Style Growth

WAYFARERS passing through Newark, NJ by Pennsylvania Railroad or Jersey Turnpike would never know from the unlovely sections which greet them that great changes are going on in the city. But if they dismounted and walked down Broad Street they could not miss it.

On one side is the modernistic tower of the Prudential Life Insurance. Further along on the other side are the brand new headquarters of Mutual Benefit Life. In a vast excavation beneath Military Park, a huge underground parking lot is being built. Past the Lackawanna Railroad station are the three 22-story buildings of the newly opened Colonnade Apartments, advertised over the air as the "only apartment buildings in the East designed by world-famous architect Mies van der Rohe."

So far over \$1 billion has been spent by private business, the city, state and Federal Governments and the Port of New York Authority as part of a general redevelopment program for the city, one of the outstanding leaders in urban redevelopment (IR, Nov 26, 1958).

With it has come a major change of attitude and outlook for Newark business. Instead of moving to the suburbs, the big companies are staying in town. And many of their employes are moving into the city's new housing developments. In addition Newark city officials and established companies are busy attracting other firms to the city.

One of the Newark businessmen

most active in the city's redevelopment program is gray-haired but young-looking Robert George Cowan, 55-year-old president of the Greater Newark Development Council. He also happens to be president of the city's (and state's) third largest bank, National Newark & Essex Banking Company. As such the redevelopment of Newark is doubly important to Bob Cowan. Says he: "This city has tremendous advantages. The surrounding area has 4,000,000 people and it's slated to double by 1985. There is a terrific mix of industry, basic as well as advanced scientific. We believe the outlook for this quarter of the New York metropolitan area is much better than the part that's in New York." Banker Cowan adds: "Activity of this sort naturally improves the banking business—and all our customers' business."

Bank Score. Bob Cowan's business has been improving anyway. National Newark & Essex rang up earnings of \$1,314,000 or \$3.29 a share for the first half of 1960 compared with \$1,035,000 or \$2.59 in the like 1959 period. Adds the bank president: "We should do as well in the second half as in the first." Taking him literally, full-year earnings would amount to \$6.58 a share v \$5.70 in 1959.

A real oldtimer founded in 1804, National Newark & Essex has become expansion-minded in the past decade. It has made eight acquisitions since 1950 and opened one new branch to bring its total to 20 with more to come.

In addition to revamping its main



Cowan (l) and Mayor Shaw

office Bob Cowan cites "a completely rebuilt office near the Colonnade Apartments. And we're opening two new drive-in offices this year." One of them is at North Caldwell where Bob Cowan and Mayor Robert Shaw (see above) broke ground in May. As for further expansion state law confines the bank to Essex county and Bob Cowan finds bankers beyond the county lines a little more receptive to expansion ideas, particularly since the passage of the New York State banking law which allows city banks to follow customers to the suburbs.

The bank's assets now total \$352,000,000 of which \$175,000,000 is loans. Deposits have grown from \$157,000,000 at the end of 1950 to \$321,000,000 at mid-year to rank it 88th in the nation. In Newark Fidelity Union Trust with deposits of \$433,000,000 and National State Bank with \$368,000,000 rank ahead.

National Newark was also one of the pioneers in electronic banking, proudly boasts it was first in the East and second in the nation (to Bank of America) to use magnetic ink encoded checks.

For the past several years, National Newark's 400,000 shares have traded over-the-counter in the high fifties and low sixties with the current price around 59. Dividends, paid continually since 1805, have been 75¢ quarterly since 1952 which makes for a yield of 5%.

For Bob Cowan the city of Newark is an adopted home. Born in Michigan, he attended MIT for two years, then took a hankering to finance and entered NYU's School of Banking & Finance. After graduation in 1930 he joined the New York Federal Reserve Bank as a research statistician. He later rose to chief analyst in the bank's examination division and in 1938 moved to National Newark & Essex as a cashier. Two years later he was named president.

Adopted home or no, Bob Cowan enthuses over its prospects. Says he: "We've got a very healthy banking situation here."

ELECTRONICS Big Connection

CONNECTIONS are the business of Amphenol-Borg Electronics Corp. Business connections yes, but mainly electronic connections. Last week three executives of the \$34,000,000-assets connector-maker came to New York to attend to one and to tell about the other by addressing the Security Analysts. An-

other purpose of the trio: to introduce January-appointed president Matthew Lanza Devine to the New York financial community.

After his introduction president Devine along with research vice president Rodolfo M Soria and financial vp John L Woods duly trotted out these items:

- Sales were up 12% in the first half of 1960 to \$31,404,000. Earnings for the half were up 17% to \$1,598,000 or \$1.36 a share from \$1.17 in 1959. For the full year, in the words of Matt Devine, "while we may not hit \$3 a share we're going to try like hell."

- Electronics sales which account for more than three-fourths of total business rose 23% in the first half. However in the company's two other specialties, automobile clocks and deep-pile fabrics, sales were off.

- Electronics products developed since 1954 contributed 70% of all electronics volume in 1959 and orders received for these products in the first half were 33% higher than during the first half of 1959.

- Amphenol-Borg needs one lonely stockholder in South Dakota so it can say it has stockholders in all 50 states. The company has over 10,000 holders all told.

Amphenol-Borg is the product of the 1958 merger of Amphenol Electronics Corp and George W Borg Corp. Amphenol brought with it the connector business while Borg contributed electronic, automotive clock and textile products.

The combined company now has nine divisions and affiliates, led by the Amphenol Connector division

which Matt Devine claims is the largest producer of such items in the country. These highly sophisticated gadgets link separate parts of an electronic system, must be able to withstand precisely the same conditions as the systems themselves. Because such systems are used in missiles, computers, telephones and aircraft, they are constantly being tested. Matt Devine expects to double sales of connecting devices by 1963.

A new product in this field which vice president Soria says "makes my heart jump with joy" is the multi-circuit connector used in Bell Telephone's Call Director, the desk-sized switchboard which finds widespread applications both for small businesses and in telephonic beehives like brokerage firms. Says scientist Soria: "This type of order allows us to do what we like best: mass produce and automate."

Also in the electronics field are

Management man Devine



the RF Products division, which turns out coaxial cable and specialty wire products, the newly created Packaged Electronics division for building assemblies of electronic systems and the Borg Equipment division, which is a custom engineer and producer of precision potentiometers, instrument motors and electronic dials.

The Borg Clock division makes auto clocks and the Borg Fabric division the deep-pile fabrics known to the fashion-minded as "Borgana" coats, jackets, etc. The Amphenol Distributor division sells the electronics products while the company's two foreign affiliates, Borg Fabrics Ltd and Amphenol-Borg Ltd, attend respectively to fabric production in Canada and production and sale of company products abroad.

Matt Devine who has been a director since 1956 took over the presidency of Amphenol-Borg in January. He succeeded Amphenol founder Arthur J Schmitt who retained the posts of chairman and chief executive officer.

Chairman of the executive committee George W Borg, founder of the company which bore his name, died in February.

President Devine brings with him a wealth of management experience. A 1928 Northwestern University engineering grad, Salt Lake City-born Devine also has a law degree from Georgetown University. During the Thirties he served as an engineering administrator in the Public Works Administration. He entered service during War II as a

colonel in the control division of the Air Service Force. After the war, Matt Devine became a member of the management research group of the executive department of General Electric. He joined management consultants Cresap, McCormick & Paget in 1948, became a partner two years later and remained there till he assumed his present post.

In his new job president Devine has found congenial reading in stock tables. Amphenol-Borg (ticker symbol ABE) now trades around 45, up from 33 earlier in the year, though off from its subsequent 55 peak. Only a decade ago it sold for 6.

TEXTILES

Kendall Tidings

IT HAS BEEN a little over a year now since Kendall Company was listed on the New York Stock Exchange (IR, June 10, 1959) and it seems to like its environment. The health & hygienic supply maker's stockholders recently approved a 2-for-1 stock split and were rewarded with a 20% higher dividend rate of 30¢ a quarter.

With these good tidings came pleasant though not spectacular earnings news. Sales for the 24 weeks through June 11 were up a shade to \$51,844,000 from \$51,811,000. Profit margins widened a bit so Kendall netted \$2,312,000 or \$1.11 a new share v \$1.05. President Richard R Higgins says: "This reflects lower raw material and manufacturing costs. Our business continues these favorable trends."

New Markets for Electric Storage Battery

Leading Maker Expands With Batteries and Specialty Products

BACK IN 1911 the head of research for Electric Storage Battery Company of Philadelphia received what he regarded as a strange request from a young inventor from Dayton named Charles F Kettering. He asked Electric Storage Battery, then the country's largest electric battery company, to make a special high amp storage battery needed to run his newly invented device for starting a gasoline engine in an automobile without a front-end crank.

While Storage Battery at first resisted, inventor Kettering persisted. Eventually the company accepted the challenge and agreed to "put something together to satisfy him that we tried."

As everyone now knows the lead-acid storage battery hastily assembled for "Boss" Kettering's auto self-starter worked. Its success of course spurred the rise of the gasoline engine and also gave ESB (Big Board ticker symbol) the product which today still leads its lines. Ironically the company's research department which has many developments in packaged power to its credit since the 1911 coup is now working on a project to put the electric car back on the road.

Though ESB sales naturally channel toward Detroit, in recent years planned diversification has reduced the dependence on autodom. While it still accounts for one-third of total sales, auto business (70% of

which is replacement) represented half of sales as recently as four years ago. At that time rechargeable lead-acid storage batteries (Exide, Grant, Willard) were virtually the only ESB product; the half not sold for autos went for a variety of industrial uses in materials handling equipment, telephone exchanges, submarines, power generators, etc.

Now this storage battery concentration has been expanded to include a host of more specialized battery products and some non-battery ventures as well. Says 54-year-old Edward J Dwyer who has just completed his first year as president: "We were too limited in our field and too dependent on a highly cyclical market."

Diversification Drive. In 1957 ESB took its biggest step with the acquisition of Ray-O-Vac of Madison. This Wisconsin producer of non-rechargeable dry cell batteries for a wide number of uses plus flashlights, safety equipment, soft rubber and plastic products now accounts for one-third of sales. ESB is expanding the Ray-O-Vac line with the latest in miniature batteries for hearing aids and other electronic applications.

Last year ESB added two other specialized battery makers. First came Wisconsin Storage Battery of Racine which packages electricity for motorcycles, power mowers, small planes and boats. Then it bought the missile battery labs of American Machine & Foundry in Raleigh NC which now headquarter ESB's newly



Battery chief Ed Dwyer

formed consolidated missile battery division.

Last week ESB acquired the nickel-iron alkaline battery business of McGraw-Edison. These heavy-duty specialties are used principally in industrial switchgear and railroad-ing. Says president Dwyer: "This is a further logical and desirable step in diversification of our basic business."

Another area of expansion for \$100,000,000-assets Electric Storage Battery is abroad. The company currently has 13 foreign plants, four of which are in Canada, the rest scattered on four continents. In May ESB purchased a 51% interest in Italian battery maker Fabbriche Accumulatori Hensenberger, its first European venture save for an investment in a British battery company

which was sold in 1954. A plant in Argentina is under construction. Production has started in new plants in Thailand, Venezuela, Panama, Mexico and Australia. Says Ed Dwyer: "An appreciable portion of the \$5,000,000 budgeted for capital expenditures this year is slated for these expanding foreign operations."

A different avenue of diversification for Electric Storage Battery has been its carefully directed research, engineering and development program. ESB claims it is the oldest and largest researcher in portable packaged power. In 1958 it recharged its effort with a new research center outside Philadelphia, repeatedly expands the R&D budget. According to chief Dwyer "three-quarters of a million or 25% more than in 1959 will go into basic and applied science this year, six-to-ten times that amount into engineering & product development." The enthusiastic president adds: "There's some tremendously interesting work going on. It's a great challenge to move forward in the areas we know most about."

New Roads. The three hottest development projects which currently vie for Ed Dwyer's attention are microporous plastics, fuel cells and electric street trucks.

Microporous plastic which is waterproof but at the same time allows vapors to pass through its pores was developed several years ago by ESB scientists who were experimenting with battery separators. Since its announcement last year the new plastic has aroused con-

siderable excitement. To further develop this unique discovery ESB in April 1959 teamed with textiler Reeves Bros Inc to form ESB-Reeves Corp. The initial commercial application of microporous plastic will probably be wearing apparel which Reeves will make and market under license from the new joint enterprise.

Ed Dwyer already sports an early model microporous raincoat which will be available this Fall. Later Reeves expects to make tents and outdoor sportswear from the plastic. ESB-Reeves will market all non-textile microporous plastic products such as filters, bandages, artificial organs and other items for medicine. The company feels these may actually have the bigger potential market.

Electric Storage Battery is also one of many companies experimenting with fuel cells (IR, April 13). In June it signed an agreement with 17 industrial truck makers (including Clark Equipment, Yale & Towne and Otis Elevator's Baker division) to help speed commercial use of its zinc-oxygen fuel cell system. Ed Dwyer estimates: "We hope to be testing a prototype in six-to-nine months time."

Another Track. ESB also hopes to revive over-the-road electric vehicles through its work with electric truck specialist Cleveland Vehicle. Says ESB president Dwyer: "We're now in a position to apply steam to the operation * * * and this idea really has to be sold!" He looks for support from power companies for whom it would be a desired outlet

for electricity in off-peak hours.

ESB has already placed eight prototype multi-stop delivery trucks with potential customers. Specially designed for battery power with light-weight bodies, they can travel up to 50 miles between charges, have been clocked at 38 mph. Despite their distance and speed limitations as well as their high initial cost, (estimated around \$7,500), Ed Dwyer feels they have potential because of long-term economies, and their clean, smooth, quiet operation. Pressed for more detailed prospects, he says: "Ask me again in another six weeks after we've put a salesman on them."

Of course ESB also works on new applications and devices right in its automotive division. For instance this Spring it introduced the Pac-O-Power, (\$150 for the 200-watt size), a transistorized transformer which will pick up power from any 12-volt battery, turn it into 110-volt, 60-cycle AC. After up to eight hours use the battery can be recharged by plugging the Pac into a household outlet or by running the car's regular generator. Thus, boasts ESB "you can whip up a cake at a picnic with your electric mixer or snooze cozily under an electric blanket while camping."

Such projects may represent exciting future markets for ESB. For the present however it relies on steady sales of current products which last year brought in a record \$145,000,000 sales and profits of \$6,110,000 or \$3.63 a share. The company has not been without its ups & downs. After busy Korean War years 1951 and 1952 with sales

over the \$100,000,000 mark, volume fell off to a postwar low of \$77,700,000 in 1954, the only one of its 72 years in which the company failed to have an operating profit. Since then however both sales and profits have increased steadily save for a mild setback in 1958.

So far this year the trend continues. For the six months ended June sales came to \$69,900,000 or 4.4% ahead of the 1959 period. Earnings were \$1.53 v \$1.43. President Dwyer is confident the full year will be better than last though, like many a corporate head influenced by pre-1960 optimism, he has to admit "not so much better as we had hoped." And while he politely

refuses to be specific about his company's future prospects he adds: "We expect some of these ideas to bear fruit."

Meantime the 1,700,000 shares of ESB stock trade around 54 on the Big Board. While down from their post-depression high of 73 reached earlier this year they still represent a nice gain from the 1958 low of 26. The company has a proud dividend record of consecutive quarterly payments ever since 1901. The current 50¢ quarterly is a conservative 55% of earnings compared to the 68% average over the preceding five years. As for a hike president Dwyer says: "Look for it when our earnings performance warrants it."

ESB batteries ready for charge



WE HEAR FROM . . .

For the past 14 years the policy of this section has been to print only letters of criticism or additional information. Because they would add little to the knowledge of readers, our numerous complimentary letters will be included only on rare occasions.

Marine Missile

GENTLEMEN:

ASHEVILLE

On the inside back cover of the June 22 IR [in the Atlantic Research story] you show a "deadeye infantryman with stovepipe," firing an Army Redeye missile. I can't question the missile, but I'd bet my old beat-up boondockers that the two lads in the foxhole are Marines. Only the Corps wears those camouflage helmet covers (brown side out) and I can practically see a globe and anchor on the pocket of the dungaree jacket.

Semper Fi

HILLIARD STATON
Captain, USMCR

The Marines have landed on IR's Achilles' heel. Though Redeye manufacturer Convair impartially distributed photos of both GI and Marine users, the demonstrators pictured in IR were indeed Marines. And a non-military, non-corporate informant claims this personal anti-aircraft weapon was a "Corps idea developed with Army money." Convair and parent General Dynamics simply state the electronically guided missile is being developed for joint Army-Marine use under a \$6,000,000 contract by the Army's Ordnance Missile Command.—*Ed.*

Missouri Miner

GENTLEMEN:

DETROIT

In your July 6 issue you state that Mr James P Gill, president of Vanadium-Alloys Steel, is a "University of Missouri-trained metallurgist."

"Taint so! Mr Gill graduated from the Missouri School of Mines and Metallurgy at Rolla, Missouri [about 75 miles south-east of the University proper at Columbia]

—an engineering college of some repute in the field of Metallurgy and Mining.

Technically speaking, Missouri Mines is a part of the University of Missouri. But then the Marine Corps is part of the Navy Department and you wouldn't tell a Marine that he was a Navy man.

Very truly yours
A F URIWAL

No, but we recently shoved two of them into the Army (see preceding letter).—*Ed.*

Cost Conscious

GENTLEMEN:

WASHINGTON

As an officer in the Navy charged with the responsibility of implementing value engineering techniques throughout the service, I read the article in the July 6, 1960 issue entitled "A New Face for an Oldtimer" with extreme interest. Of particular interest to me were the remarks by Mr Bill Bergen of the Martin Company on getting the Renegotiation Board cost-conscious rather than profit-conscious. I wish to state that the Navy has an intensive program on value engineering aimed at exactly the same thing. We wish not only to make all elements within the Navy cost-conscious but also our contractors. By value engineering we mean the whole gamut of attempting to get the most for our dollar.

Should Mr Bergen have any concrete suggestions on how we can make everyone in the service cost-conscious, I wish you would please forward this letter to him in order that he might give us some clues as to his thoughts.

Very truly yours,
GORDON F SPOONER
Commander, USN
Head, Industrial Management
Section
Office of Naval Material
Department of the Navy

It has been forwarded.—*Ed.*

Eastman Kodak Clicks in Color

**Photo King Enlarges
Picture with Research
And New Products**

PERHAPS the best known address in all Rochester, NY is 343 State Street. In 1883 photo pioneer George Eastman, founder of the Eastman Kodak Company, moved his fledgling three-year-old photographic dry plate business to this site. Still home for Eastman Kodak, the spot is now occupied by a modern 19-story office building. Two weeks ago **INVESTOR'S READER** visited there to chat with the company's seventh executive head, new president William S Vaughn who can qualify as both a photographer and a Kodak veteran.

A youthful-appearing 57, Bill Vaughn got interested in both as a young man. The Vanderbilt alumnus (1923) bought his first camera, a second-hand 3A Kodak, just before leaving for Europe in 1925 to take up advanced math studies on a Rhodes scholarship. In the next three years Bill Vaughn "read" math at Christ Church, Oxford and on holidays took pictures. He reflects: "I spent a fair chunk of my Rhodes scholarship on photography. I was always interested in optics and intrigued by the physics of light. When I got back to the States it seemed only natural to turn to Kodak for a career."

COVER: Young Kodak scientist experiments with organic chemical synthesis basic to photo and chemical processes.

He promptly joined Kodak as a mathematician-physicist in its technical development department. And save for a brief period in 1942-43 when he went to Washington to serve on the War Production Board, Bill Vaughn has been with the company all of the 32 years since. He spent his first five years in Rochester on problems of developing, accounting and production. Then came a short stint in Britain where he was assistant to the general manager of Kodak's European operations.

In the succeeding years Bill Vaughn served in every important phase of Kodak work. In 1949 he was elected an assistant vice president, the following year moved up to vice president and assistant general manager of the entire company. In 1952 he was named vice president of Tennessee Eastman and Texas Eastman, Kodak's chemical, plastics and textile fiber manufacturing divisions. Last year he returned to Rochester as general manager of all Kodak operations. This May he moved up to his present post as president and chief executive officer of the \$933,000,000-assets company.

Photos First. While the scope of Kodak's operations has widened since the days of George Eastman, about two-thirds of sales last year still came from photographic products.

The company is the unquestioned world leader in film of which it produces 1,900 different items for

both professional and amateur use. These range from the simple black & white films to familiar Kodachrome to High-Speed Ektachrome, introduced last year for the more professional photographer. The company is also one of the largest camera makers in the world.

However Kodak also has a stake in a number of other fields. It supplies certain office equipment needs with its Verifax copiers, does special research work in optics and photography for the military, and supplies the Government with infra-red detectors and other components for guided missiles. Through its Distillation Products Industries division it makes vitamin concentrates and monoglycerides. And the highly important Tennessee Eastman and Texas Eastman divisions which account for one-fourth of Kodak sales give the diversified company a big stake in fibers, chemicals and plastics.

Under a 1954 consent decree Kodak agreed to make known and license in the US its amateur color processing patents and procedures. Thus the photo king no longer has exclusive domain in the color processing business, rather provides technical knowhow to a great number of independent processors.

But interestingly enough while processing Kodachrome and Kodacolor film is no longer solely Kodak's realm Bill Vaughn points out "the steady growth of color photography in the last five years has been a sustaining influence in Kodak's processing business." One reason: practically all amateur

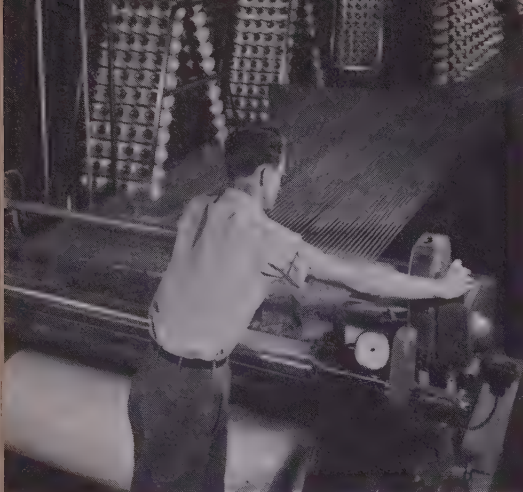


IR PHOTO BY TANAHEY

President Vaughn in Kodak suit

movie film sold is color film and the market is expanding fast. For still cameras, although also heavily color-oriented, black & white film sales "have held up well, too." President Vaughn cites development of new and better black & white films and the lower cost when compared with color photos. All told amateur photo sales including films, equipment and services came to 28% of last year's volume.

For the Pros. Kodak also focuses even more sharply on professional photographic equipment which last year accounted for 37% of company sales. For the professional it makes 100 sizes of sheet film, 50 kinds of movie film, 30 types of photographic plates and



Tennessee worker "beams" Estron filament

300 varieties of photographic papers.

President Vaughn expects "little change" in the percentage breakdown of Kodak sales this year. But he enlarges on the first half sales trends: "Our professional and some of our amateur photographic products have been selling above the levels of last year." More specifically these include film for the graphic arts and for professional still photography; amateur still color film, color photo papers, photochemicals and paper for Verifax office copiers. Also professional black & white movie film "is presently selling well above the same period last year, but this hardly seems to point up a long term trend."

Another Kodak film market is television. Although some TV shows are telecast from magnetic tape which doubtlessly has caused some cutback in film sales Bill Vaughn points out: "While tape has built-in

advantages such as no processing and direct playback, film has greater so-called 'residual' values for program syndication and long-term record retention." Such factors are important to TV programmers who, like the moviemakers, gross most of their money from syndication and export. Bill Vaughn lists still another aid to further Kodak's TV film sales: "Our 16mm television projector introduced just this past Spring [it is sold through General Electric]

offers an optical system for clearer and sharper showing of film." And he adds: "It's having a good reception."

While Kodak is often considered king in such photographic areas as films, papers and chemicals it does have stiff competition from photographic manufacturers at home and abroad. For instance Kodak has no system to compete with the fabulous Polaroid "picture-in-a-minute" camera which outsells any other still camera on the market (IR, February 3). But Cambridge-based Polaroid has yet to offer a color picture-in-a-minute. When it does however Kodak should benefit somewhat.

Kodak has a contract with Polaroid to study techniques for producing materials for Polaroid's new color process. The contract has provisions under which Kodak will ultimately obtain a license to use the process in certain applications not involving Land-type cameras. In the past Kodak has supplied sizeable

amounts of materials to Polaroid for the manufacture of its black & white picture rolls.

Other keen photo competitors here at home include movie camera specialists Bell & Howell and Revere, also Fairchild Camera which recently focused another competitive threat with its new sound-movie camera and projector. However head photographer Vaughn is confident Kodak's extensive line of movie and still cameras "will continue to give good account of themselves."

World Picture. Foreign camera competition comes mostly from Germany and Japan. But here too president Vaughn is not unduly alarmed. He states: "Foreign manufacturers direct their efforts in the US market primarily to the high-priced camera and optics fields where skilled hand labor represents a substantial part of the value." Moreover he adds: "Despite lower labor costs foreign competition in the US today is actually quite comparable to what it was before War II."

Although the Kodak Retina cameras, made by Kodak AG in Stuttgart, Germany, compete directly with the high-priced miniature camera imports, the company directs its major effort in the US to the simpler, easy-to-use lines such as the Brownie Star cameras. From the beginning Kodak "concentrated its efforts on photographic equipment featuring simplicity as well as high picture taking quality." President Vaughn enlarges: "Kodak's pre-eminence of opportunity lies in this

area. The Eastman idea is still a simple camera for a mass market."

This year Kodak has carried its "simplicity plus quality" theme to Europe. Bill Vaughn says: "As yet European manufacturers do not seem to have intensively wooed the low-priced camera market. We feel young wives and teenagers there will welcome our economical, easily operated Brownie Star line." An intensive Summer sales campaign is now underway.

European ventures are not new to the 80-year-old picture specialist. The company first went abroad in 1885. Farsighted George Eastman saw the advantages of a London market, within six years set up manufacturing facilities at suburban Harrow. Today EK has manufacturing companies in Canada, France, Germany and Australia as well, plus marketing and distributing facilities in 150 foreign locations.

Over the last decade sales of Kodak's non-consolidated foreign operations have increased 150% while earnings have tripled. However the dividends paid parent Kodak have not increased at the same pace. This is because a good part of earnings are reinvested each year. Last year the capital expansion budget of non-consolidated operations was \$17,200,000, up from \$16,300,000 in 1958 and \$13,100,000 in 1957. Even so last year Kodak received over \$10,000,000 in dividends.

Dixie Poly. At home EK has budgeted \$67,000,000 for capital improvements this year compared

with about \$60,000,000 in 1959. About \$32,000,000 will go to improve Kodak facilities at Rochester. Another \$29,000,000 will be invested at the Tennessee Eastman and Texas Eastman divisions. The Tennessee unit produces man-made fibers, plastics and industrial chemicals. The Texas plant produces industrial chemicals and polyethylene and polypropylene plastics. Polyethylene capacity is about 100,000,000 pounds a year. Scheduled to start up this year is a 20,000,000-pound-a-year polypropylene plant at Texas Eastman in Longview. The division has been producing pilot quantities of polypropylene for more than a year and limited commercial amounts since last Fall under a manufacturing process developed by Eastman's research team.

With Texas Eastman a producer of high-purity propylene, the raw material for polypropylene, since 1952, Vaughn points out: "It was a natural for Texas to go into production of the plastic."

Also included in the capital improvement budget are funds for a plant to make Kodel, the company's new type of synthetic polyester wash & wear fiber (see inside front cover). The new fiber plant, which is being built at Kingsport, Tenn, will have an annual capacity of 20,000,000 pounds and should begin production by "late this year." Vaughn is enthusiastic about Kodel: "It's excellent for wrinkle-free wear and good looks." The model of neatness, he pointed to his navy suit (see picture): "This is made from Kodel."

The remainder of Kodak's 1960 capital budget will go for updating and improving various company sales, distribution and processing units.

Over the last five years Kodak has spent more than \$280,000,000 on expansion and improvements. This gigantic program has been financed entirely on a pay-as-you-go basis from retained earnings and depreciation.

Running a close second to Kodak's fat expansion budget is its 1960 research budget which comes to \$55,000,000. Kodak likes to average about 5% of sales for research. Bill Vaughn estimates "about 60% goes into basic research and product development, the remaining 40% is spent on product improvement." Some programs:

- In photography Kodak is investigating all known photosensitive systems — lightsensitive polymers, electrophotography, diazo and the traditional silver halide process.

- Kodak has developed a high-speed reversal film useful in guided missile tracking and other scientific and commercial purposes. It has introduced automatic X-ray film processing equipment and improved X-ray films for medical and industrial use.

- In chemistry Kodak research in the polyolefins has resulted in the new process for manufacture of polypropylene.

- Kodak has updated its office equipment lines with a new system for making offset masters, the Ektalith Method; several new Recordak microfilming machines; and two

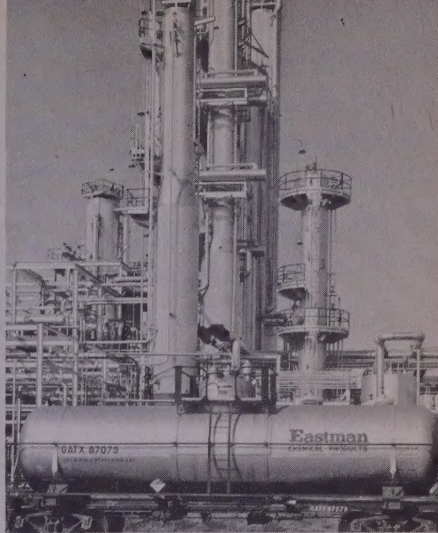
new models of the Verifax office copier.

● Other new products on the market this year include an 8mm sound movie projector, the lowest priced (\$24.50) 8mm movie camera Kodak has ever offered; a low priced still camera with built-in exposure meter; a variety of new graphic arts films made with Kodak's new Estar polyester film base; and several new photographic and industrial chemicals.

Financial Focus. Eastman Kodak's financial picture has as solid and as wide a base as the company's extensive research and product development program. Sales in the last decade doubled from \$458,000,000 to last year's \$914,000,000; earnings from \$61,900,000 or \$1.60 a share to \$124,700,000 (\$3.03) last year.

So far this year the trend continues. In the first half president Vaughn reports sales of \$417,200,000, up 4% over the record first half of 1959. Earnings too set a new record of \$55,000,000 (\$1.42 a share) compared with last year's previous record of \$52,700,000 or \$1.36 a share. For the full year Bill Vaughn adds: "Barring a major downturn in general economic conditions we expect the company's business for the rest of 1960 will continue to compare favorably with that of a year ago."

Following Kodak's sales and earnings upswing are 117,000 Kodak share owners whose ranks have doubled since 1950 and expanded by 5,000 just since the beginning of the year.



Texas Eastman cracking plant

Along with this bigger stockholder family, the number of shares has been increased in the last decade by two 10% and four 5% stock dividends climaxed by a 2-for-1 split 16 months ago. This has brought the total outstanding to 38,400,000 common shares ahead of which stand only 106,000 shares of \$3.60 preferred and no longterm debt whatsoever. Since 1950 the common has risen from 14 (adjusted) to an alltime high of 136 earlier this year. Amid the general market lethargy it had eased to around 118 last week.

Early this year the dividend was raised to 45¢ from the 37¢ rate in effect after last year's split. Kodak also declared a 24¢ extra at the end of 1959. And while president Vaughn and associates make no commitment for the future, EK is one of a select dozen Big Board stocks which increased their payout during every year of the Fifties.



This hardy white-clad crew who look more like hospital interns than nuclear engineers are installing the core barrel assembly for the nation's fifth commercial atomic reactor. Located in northwestern Massachusetts along the Deerfield River near Rowe, it is scheduled to go into service this Fall for Yankee Atomic Electric Company.

Designed to run for a minimum of 10,000 hours (roughly 1 1/2 years) before refueling, the Yankee reactor can take care of a city of 250,000—about the size of Providence. It will contribute roughly 2% of the total generation in New England. While fuel costs are as yet much higher than conventional power sources, the atom-minded powermen hope nuclear-generated electricity will eventually become competitive. For high fuel cost areas such as New England, one estimate is this may happen within ten years.

The 134,000-kw Yankee plant which will be among the larger generating units of any type in New England was constructed entirely with private capital. Stone & Webster handled the design and engineering; Westinghouse built the reactor. Total cost was \$57,000,000 which includes \$7,000,000 for preliminary operation, first core costs and working capital.

The AEC, which must approve A-plant construction and operation, contributed an additional \$5,000,000 for research & development work, will own all the knowhow R&D has turned up such as new approaches in reactor design to reduce the cost of power generation. In addition the AEC waived charges on the use of uranium fuel for five years.

Yankee Atomic is a six-year-old joint venture by ten New England utilities to investigate the use of atomic energy for electricity. The stock remains 100% owned by the ten founders. Biggest stockholder is New England Electric System with 30%; next comes Connecticut Light & Power with 15%. The utilities anted a total of \$20,000,000 for the project; another \$37,000,000 was borrowed from banks and insurance companies.

The new Yankee plant follows into service reactors already in full scale operation for Pittsburgh's Duquesne Light (Shippingport), Pacific Gas & Electric (Vallecitos) at Pleasanton, Cal and Southern California Edison (Santa Susana). Undergoing tests is the Dresden project near Chicago for Commonwealth Edison; scheduled for operation later this year are Consolidated Edison's Indian Point reactor and (provided it can clear some legal and administrative hurdles) Detroit Edison's Enrico Fermi plant.

Seven additional private nuclear plants are also abuilding, planned or

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about to break ground. They include the Carolinas-Virginia project sponsored by Duke Power, Virginia Electric & Power, Carolina Power & Light and South Carolina Gas & Electric under construction about 25 miles north of Columbia, SC; Philadelphia Electric's Peach Bottom plant; the Northern States Power project at Sioux Falls, SD; the ubiquitously-named East Central-Florida West Coast project of Florida Power and Tampa Electric; Pacific Gas & Electric's Humboldt Bay plant.

Soon a whole other round of atomic power projects should also be in the works. Though still in the "thinking" stage as to location and construction dates, Southern California Edison recently announced a 360,000-kw plant. To cost \$70,000,000, it is the largest atomic power project yet contemplated. The reactor contract has gone to Westinghouse. Across the country Yankee's principal stockholder, New England Electric, is considering a 200,000-kw nuclear plant of its own. Pacific Gas & Electric hopes to have a 300,000-kw water-cooled plant in operation in the San Francisco Bay area by the mid-Sixties.

All told the 17 reactor projects will involve an investment of some \$650,000,000 on the part of private utilities plus many millions more in research and other aid from the AEC. They are scheduled to provide an installed generating capacity of 1,800,000 kw by 1966. Others no doubt will follow. For instance, even further in the future Pacific Power & Light has bought a 14 square-mile tract east of Yakima, Wash. just "to have a site available for a future atomic power plant."

This is a news and educational publication about financial and business matters. Articles are selected for their news or general interest and should not be considered a recommendation to buy or sell securities.

GREEK ACCENT

There is an ancient Greek saying, quoted by G. B. Shaw in "Androcles and the Lion," that advises: "First secure an independent income; and then practice virtue."

The implication seems to be that it's easier to be virtuous in affluence than in poverty. Or perhaps it is that affluence is more important than virtue. Or possibly that the practice of virtue is an obligation of the affluent. The interpretation seems to be open to question, and we won't try to settle it here.

Actually, only the first half of the precept falls in our province anyway: "Secure an independent income." More easily said than done, of course, but not impossible.

For instance, if you have cash available for investment, our Research Department can steer you into suitable government, municipal, or corporate bonds that pay regular interest, or common stocks that have good records and prospects of dividend payment.

Or perhaps you'd like to bone up on the subject yourself. Then send for a copy of our booklet called "Dividends." It lists and gives pertinent figures about almost a thousand securities that have paid dividends every year for 25 years or more, through lean years and fat.

In short, we'll help you all we can to secure an independent income. After that, the practice of virtue is up to you.

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